

**Hearing Date and Time: June 12, 2013 at 10:00 a.m. (prevailing Eastern Time)**

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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

	X
In re:	: Chapter 11
	:
Residential Capital, LLC, <u>et al.</u> ,	: Case No. 12-12020 (MG)
	:
Debtors.	: Jointly Administered
	:

**STATEMENT OF THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS IN SUPPORT OF THE DEBTORS' AMENDED MOTION  
SEEKING AUTHORIZATION TO SATISFY CERTAIN SECURED CLAIMS**

TO THE HONORABLE MARTIN GLENN  
UNITED STATES BANKRUPTCY JUDGE:

The Official Committee of Unsecured Creditors (the “Committee”) of the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) submits this statement (the “Statement”) in support of the *Debtors’ Amended Motion for Entry of an Order Under 11 U.S.C. §§ 105 And 363 Authorizing the Debtors to Satisfy Certain Secured Claims* [Docket No. 3872] (the “Amended Motion”).<sup>1</sup> The Committee respectfully represents as follows:

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<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Amended Motion.

## **STATEMENT**

1. The Committee supports granting the relief sought in the Amended Motion. Prior to the filing of the Amended Motion, the Committee, the Debtors, AFI, and substantially all of the Debtors' largest creditor constituencies agreed that the Debtors would, in connection with a partial pay down of the Junior Secured Notes, fully pay down the AFI LOC and the AFI Revolver (the "AFI Facilities").<sup>2</sup>

2. As part of the global resolution reached in the mediation described in the Amended Motion, AFI will receive payment in full for its claims under the AFI Facilities. As described in greater detail in the Amended Motion and the Puntus Declaration, paying down the AFI Facilities now rather than upon the current contemplated effective date under the PSA (December 15, 2013) will save the estates millions of dollars by eliminating any additional postpetition interest expense under the AFI Facilities.

3. Moreover, as a condition of the pay-down of the AFI Facilities, the Committee insisted that the Order provide that the pay-down will not prejudice the Committee's ability to pursue claims against AFI in the event the plan contemplated by the PSA does not go effective. *See Order ¶ 4.* Accordingly, in the event that the settlement with AFI is not consummated through a plan, the Committee's rights are fully preserved.

4. Berkshire Hathaway Inc. ("Berkshire") has filed an objection to the Amended Motion that argues, *inter alia*, that the preservation of the Committee's claims against AFI is insufficient because the pay-down subjects the estates to the burden and risk of seeking repayment from AFI. The Committee believes, however, that the certainty of eliminating the

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<sup>2</sup> The term "AFI Revolver" shall have the meaning of the term "AFI Senior Secured Credit Facility" as defined in the Amended Motion.

accrual of postpetition interest under the AFI Facilities exceeds the speculative risk identified by Berkshire.

5. Accordingly, the Committee believes that the relief sought in the Amended Motion is in the best interests of the Debtors' estates, and the Amended Motion should be granted.

Dated: June 10, 2013  
New York, New York

KRAMER LEVIN NAFTALIS & FRANKEL LLP

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